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**THE PROBLEM OF RAISING THE RETIREMENT AGE IN RUSSIA:
A SOCIODEMOGRAPHIC ASPECT**

SUMMARY. The problems of social policy for the elderly in Russia are becoming more and more relevant with each passing year. This is due, on the one hand, to the ongoing process of demographic aging of society and, as a consequence — to an increase in the number of people over the age of 55, yet, on the other hand — to a number of socio-economic problems that have emerged in connection with the above-mentioned demographic development.

The phenomenon of the situation lies in the fact that the elderly, namely people from the age of 55 to 72, at the present stage are the most numerous social cohort compared with the youth, children and people of middle age. Consequently, the vector of solving their socio-economic problems depends on the stability of modern society. The most problematic area of social development, in our view, is the problem of people who retire, or rather, their material well-being and consequently the question of their retirement age preservation or increase.

KEY WORDS. Social policy for the elderly, old age, retirement age, retirement benefits, pensions.

In recent years, the problem of pension for the elderly population of Russia has become particularly acute. Its social importance can hardly be overestimated since it affects the vital interests of more than 30 million elderly people, that is, almost every fifth inhabitant of the country.

In 2008-2009, the average old age pension began to approach subsistence level. In the third quarter of 2009, the average living wage was 5,490 rubles, while the average old age pension amounted to only 5,104 rubles. By the end of 2009, Russian pensions had been raised 1.33 times in comparison with subsistence level, which comprised 5,641 rubles.

From January 1st, 2009, Russian citizens received an opportunity to increase their pensions through state financial aid. The Russian Federation adopted the State Pension Co-Financing Program: one part of contributions to the accumulative part is paid by a person, the other part is paid by the government. Russian citizens can apply for the Program until October 1st, 2013. The state will co-finance people's additional pension savings in the range between 2,000 and 12,000 rubles inclusive for 10 years from the moment they paid their first contributions within the Program. Citizens have the right to set and change contributions, as well as to cease or resume paying at any time.

From January 1st, 2010, the average old age pension was increased through valorization by 1,100 rubles. On April 1st of the same year all pensions were indexed by 6.3%. Thus, the average old age pension increased by 477 rubles and comprised

8,169 rubles. Since the beginning of the current year, the average pension has risen by 1,539 rubles, or by 23.2%.

In view of the measures taken to increase pensions, at the end of 2010, the average retirement pension amounted to 7,800 rubles, while the average annual retirement pension amounted to 172% in relation to the predictive value of subsistence level.

In 2011, pensions were indexed twice. On February 1st, 2011, retirement pensions rose by 8.8%, which in monetary terms amounted to 709 rubles. Thus, the average old age pension increased to 8,500 rubles. [1]

In 2012, the Pension Fund of the Russian Federation increased old age pensions twice. The first indexation took place on February 1st, resulting in a 7% increase. The second indexation was held on April 1st, resulting in a 2.4% increase. Thus, at the end of 2012, the average retirement pension in Russia amounted to 9,394 rubles.

In July 2012, Russian pensioners entitled to the funded component of retirement pension began to receive the corresponding payments. Depending on the composition of pension savings, three payment options are available: in lump-sum payment, in term payment, and in the form of a funded part of the old age pension (which has to be paid indefinitely) [2].

Undoubtedly, such activities support social and financial status of senior citizens, but in most cases they do not make up for the social status which such citizens had during the period of employment. They still remain to a greater extent dependent on their social environment.

For the last decade, various financial programs have been actively developed with the aim to improve senior citizens' material situation after retirement. There is a network of non-state pension funds which take citizens' personal deposits for the future provision of pension benefits, and also specific deposits made by companies and organizations. Moreover, such funds are authorized to transfer insured pensions from state to non-state pension funds.

The elderly's quality of life is of particular concern to the authorities. Therefore, the authorities are planning to conduct an analysis of problems that senior citizens face nowadays, taking into account the peculiarities of this socio-demographic group. According to the prognosis, by 2016, the mechanism of social policy for the elderly will have been improved; whereas currently measures aimed at enabling elderly people to find employment in public or private institutions are being developed.

Apart from that, issues of providing high quality health and social services are being discussed, as well as the question of improving accessibility to these services. One more issue on the agenda is the development of sports and recreation facilities for the elderly.

Another problem attracting the government's attention is the problem of elimination of queues and waiting lists in local clinics, nursing homes, gerontological centers and other similar establishments, as well as the problem of material and technical conditions of these establishments. Moreover, government representatives explore the prospects of creating specialized geriatric centers, boarding houses for war veterans, and other similar institutions [3].

The demographic crisis in Russia and the society's aging have brought about the prospect of a rapid decline in the number of taxpayers, the Pension Fund deficit, and an increase in the retirement age. Results of the research conducted by the author of the article are presented in Figure 1.

Dynamics of the issues discussed over the past five years are presented in the form of a graph:

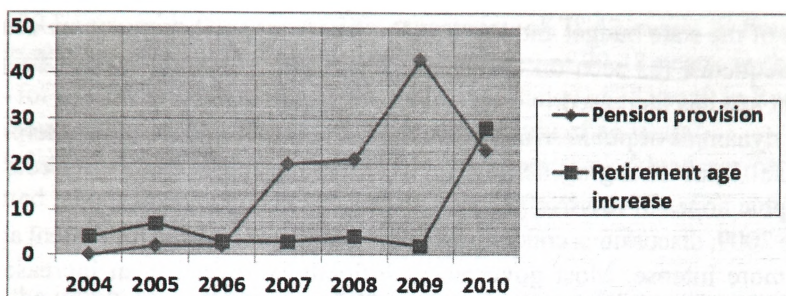


Fig. 1. Indicators of the dynamics of the issues discussed over the past five years

In order to study the above-mentioned problems and to better understand reasons underlying the process of aggravation of these problems, the method of quantitative content analysis was employed. That is, the presence of a single specific element in the content of a number of texts published within the past five years was studied. *Rossiyskaya Gazeta (The Russian Newspaper)* was chosen as the object of research [4]. This newspaper was chosen due to the fact that over the last five years it has been among 10 most cited Russian newspapers in the world. Moreover, from 2009 to 2011, its rating rose, and now it holds the steady third position*.

Online search queries for 2011 show on average more than two thousand people visit the website of *Rossiyskaya Gazeta* every week, which comprises 5.4% of the total number of Internet queries.

The data show that in the period from 2004 to 2006, pension policy and pension-related issues were not widely discussed. The state and society were not concerned about retired people's problems. Starting from 2007 and up to 2009, as shown in Figure 1, the problem regarding the amount of money allocated for pensions attracts more and more attention. Acute scarcity of the Pension Fund of the Russian Federation and wide coverage of its problems in the press brought about heated debates concerning retirement age increase.

By the end of 2010, the issue of retirement age increase had been solved: the Ministry of Finance has made forecast calculations based on the fact that beginning from 2015 the retirement age for both men and women will gradually be increased to 62.5, i.e. 6 months each year. If this plan is put into action, transition to the new retirement age for men will take 5 years, and for women – 15 years.

* According to the opinion of the Medialogy Expert System which comprises about 3,500 most influential Russian TV channels, radio stations, print media, electronic agencies, online media, and blogs. [5].

Thus, the media view an increase in the retirement age as an optimal solution with regard to the Pension Fund deficit.

In discussions of an increase in the retirement age and pensioners' standards of living, the media lay the main emphasis on quantitative data. Publications frequently refer to a rapid growth in the number of pensioners, which interferes with the stabilization and growth of the Pension Fund revenue. This is understandable, as in 2009 a series of measures to increase pension payments was taken. Since 2009, the problems of the state budget and Pension Fund deficit have become more acute, and as a consequence (as seen on the graph), the number of publications devoted to retirement age has increased.

Such dynamics of publications in the media, in our opinion, can be interpreted as a response to the changing demographic situation, and it clearly reflects socio-demographic hopes of Russian people.

Since 2009, discussions concerning a possible increase in the retirement age have become more intense. Most government officials believe that an increase in the retirement age will allow the state:

- 1) to save labour resources;
- 2) to reduce Pension Fund expenditures;
- 3) to preserve the amount of tax deductions.

In order to confirm or refute government officials' views on the need and real possibility of increasing the retirement age, a comparative analysis of the correlation between the retirement age and working time in Russia and some foreign countries was conducted.

65 is the retirement age in Germany common for men and women. Within the period from 2012 to 2030, it is planned to increase this age to 67. The total number of hours worked per year in Germany amounts to 1,700. Before 2011, early retirement was possible at the age of 60, or at the age of 63 if a person's length of service comprised 35 years.

The minimum official retirement age in France is 60, but according to Fillon's law, in order to receive a full pension, one's total length of service must be not less than 160 quarters (40 years). For people who have started to work early, retirement is possible at the age of 56. The number of working hours per year must be not less than 1,750.

In the USA the full retirement age for people born before 1938 is 65. With the increase in life expectancy in the country, the Social Security Act was amended stating that a gradual increase in the full retirement age would take place and the retirement age would rise to 67 for those born in 1960 and earlier. The earliest retirement age in the social security system became 62, and the number of working hours per year amounted to 1,920.

In Russia, the retirement age varies from 55 to 60. The number of working hours per year comprises 1,980. The average length of service of a Russian pensioner is about 30 years.

The minimum number of working hours (S) which the average person works until his/her retirement is calculated as follows:

$$S = Z \times T, \text{ where}$$

Z – the average number of working hours per year;

T – the length of service before retirement.

Thus, in order to be entitled to retirement pension in Germany, one needs to work for 59,500 hours, with the average life expectancy of 78.42 years; in France – for about 70,000 hours, with the average life expectancy of 79.28 years; in the United States – for 67,200 hours, with the average life expectancy of 78 years; in Russia – for 59,400 hours or more, with the average life expectancy of 66 years.

The data obtained allow us to calculate the average workload per person. We distributed labour intensity (N) over the life span (person / year):

$$N = S : P, \text{ where}$$

S – the minimum number of working hours (S) which the average person works until his/her retirement;

P – the average life expectancy in the country.

As a result, the “performance rate” per person per year in Russia is on average 8% higher than in the countries where retirement age is higher, that is:

- 1) 759 hours in Germany;
- 2) 883 hours in France;
- 3) 862 hours in the United States;
- 4) 900 hours in Russia.

Therefore, retiring on average five years earlier than in developed countries, an average Russian “wears out” faster than, for example, an average European. Today in Russia, according to statistics, almost half of men and 20% of women die before they reach their retirement age; consequently, further increases in the retirement age will only multiply the number of people who will die prior to their retirement.

Thus, the results of this study suggest that the aim of the power structures is not to preserve the country’s population, but to economize budget funds. An unjustified increase in the retirement age in Russia can only lead to negative consequences, namely to another wave of life expectancy reduction.

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